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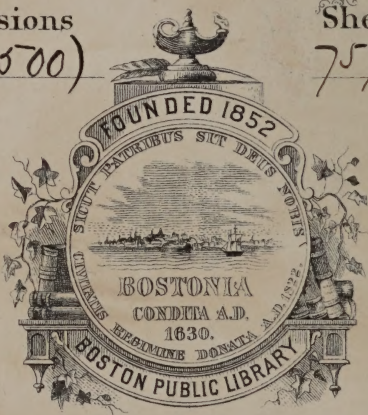
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BUILDING

AND

LOAN ASSOCIATIONS;

THEIR HISTORY AND DESIGNS,

TOGETHER WITH THEIR

PRACTICAL WORKINGS.

BY A. CUMMINGS, JR.

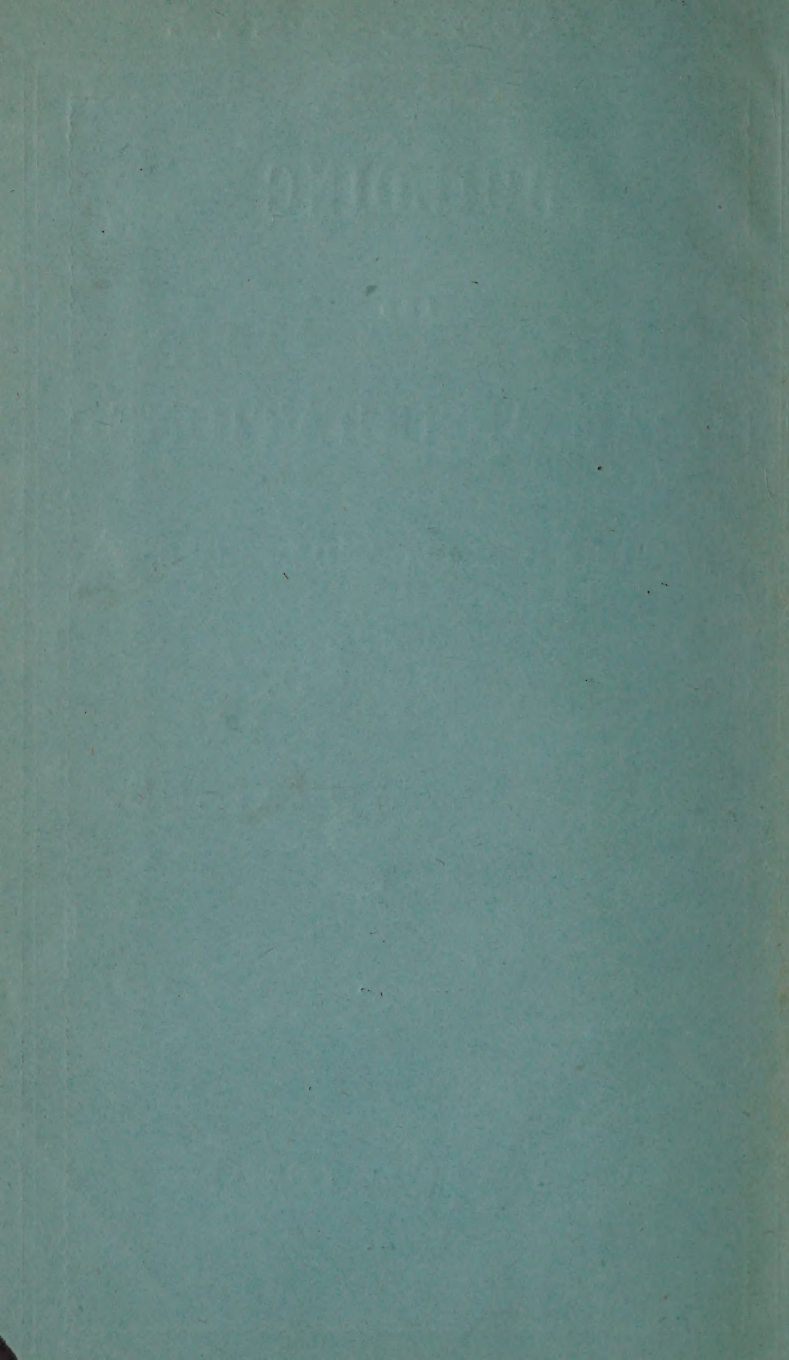
BOSTON:

WRIGHT & HASTY, PRINTERS,

No. 3 Water Street.

1854.

FOR SALE AT THE OFFICES OF ASSOCIATIONS.



BUILDING
AND
LOAN ASSOCIATIONS;
THEIR HISTORY AND DESIGNS,
TOGETHER WITH THEIR
PRACTICAL WORKINGS.

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BY A. CUMMINGS, JR.  
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WRIGHT & HASTY, PRINTERS,
NO. 3 WATER STREET.
1854.

From A.R.

Entered, according to Act of Congress, in the year 1854,
BY A. CUMMINGS, JR.,
in the Clerk's Office of the District Court of Massachusetts.

P R E F A C E .

HAVING been sometime connected with these Associations, and seeing the great demand for information respecting them, together with the urgent request of many friends, I have been induced to make the attempt to supply that *desideratum*.

These Associations having been in operation in this State (Mass.) not quite two years, we have used freely material procured in various parts of the Union, for which we feel greatly indebted to many friends.

There have always been persons in every community who from a want of means to give the first impulse to prosperity, and on account of the rents they were obliged to pay, were destined to drudgery and poverty, without even the hope of eventual success. How to remedy this blighting evil, which experience has taught us is real and unavoidable under the old arrangement of things, has long been the study of many philanthropic minds. Temperance, perseverance and frugality were all urged as sure guides to success. But with what hope could the man of small means lay by two or three dollars per month, when by this plan it would take twelve or fifteen years before he could purchase a home worth four or five hundred *dollars only*, and such a homestead but few in *Yankee* land

would deem enviable. Retrenchment, economy, industry, perseverance, and a host of other virtues were suggested, and finally resulted in "deferred hopes," and many long years of toil, with little or no advancement towards the great object in view,—a home: but we are happy to congratulate the weary and desponding that philanthropy has thrown within their reach the means of providing a home for themselves and family, by the simple method of converting rent into capital, as these few pages will show.

LOAN FUND ASSOCIATIONS.

THEIR HISTORY AND DESIGN.

IN 1815, the Earl of Selkirk, a gentleman of large fortune, and progressive views, established the first Building Association in Kerkcudbright, (Kerkeobreo,) on the river Dee, about six miles from its mouth. This truly noble and philanthropic scheme, once conceived by the Earl, was put into active operation in his native village, by erecting a large number of houses on unoccupied land. When they were completed, he gave an invitation to all families who were destitute of a home, an opportunity of moving into and occupying them, by paying a given amount of rent, (not much exceeding their former rent,) for a given time, after which they were to be rightful owners of the house and land attached.

Progression being the motto, a plan was conceived to raise a fund, by small monthly contribution, to be loaned to its members at a given rate of per centum, for the purpose of buying, or building houses, or other buildings; buying land, making improvements thereon; removing incumbrances therefrom, &c., or for business purposes, when real

property can be given, and thus render assistance to many a worthy mechanic. The borrower is required to make monthly payments on his loan, including the interest, and a portion of the principal; these payments are to be made until the whole amount borrowed is refunded. The manner in which it is determined who shall receive the money to be loaned, is by its being put up at a regular monthly meeting, at competition, among its members; the one offering the highest amount of premium is entitled to the loan; the Premium received in this manner, is appropriated to the expenses of the Association, and the remainder, if any, is divided among the members according to their respective deposits. These Institutions were long known in Great Britain, as Mutual Benefit Building Associations.

So rapidly have they spread and multiplied in that country, as to now number, (according to a recent report of the Registry,) 3,000 societies, with an annual income of *four millions sterling*, which is advanced from time to time, on real property, chiefly consisting of new buildings; thus conferring a stimulus to various branches of industry.

On account of the very beneficial influence they are exerting upon the industrious classes, they have attracted the attention of the British Parliament, and secured several enactments in their favor. In the year 1836, an act was passed, affording the most ample facilities for their formation, and control. The preamble states: "That certain Societies, commonly called 'Building Societies,' have been established in various parts of the kingdom, chiefly amongst the industrious classes, for the purpose of raising by periodical subscriptions, a fund, to assist the members thereof in

obtaining a small freehold, or leasehold property; and it is expedient to afford protection and encouragement to such societies, and the property obtained therewith." This preamble clearly shows, that the legislature were convinced of the utility, and importance of these institutions, as every intelligent and unbiased being must admit, and that they deserve the encouragement of all who feel an interest in the industrious and middling classes of the community. It is evident that many individuals combined together, can make small sums of money far more productive than these sums could be made separately.

By the instrumentality of Building Associations, money is from the very commencement kept actively employed, continually producing, and reproducing at a wonderful rate of increase, and yet loaned to the borrower on more easy and liberal terms, than by any other kind of loans.

In 1846, an Association was organized in Brooklyn, N. Y., called the Brooklyn Building and Mutual Loan Fund Association. This Society is on the point of closing, having nearly completed its object. The par value of shares in this Association was fixed at \$600; members were required to make monthly instalments of two dollars and fifty cents. It has furnished many a family with a comfortable home, having paid off most of its members, (23 shares only remain unredeemed). These Associations have extended into various parts of New York city, and Williamsburg, until they now number upwards of seventy-five Societies in that city and vicinity.

The Legislature of New York, highly approving the principles of these Associations, has passed a general law

for their incorporation, with peculiar privileges. For instance, I will refer to section 19th of the act.

“The shares held by the members of all Associations incorporated under the provisions of this act, shall be exempt from sale on execution for debt, to an extent not exceeding six hundred dollars in such stock, at their par value.” Making, in fact, a homestead law for all subscribing to the stock. Such is the encouragement in our sister State, where their principles are best understood; and such will be the encouragement everywhere, when they are fully known and appreciated.

These Associations have operated very successfully in various parts of the State of New York. In Philadelphia, whole districts have been built up through their exclusive instrumentality. They have for some time been in active operation in Charleston, Savannah, and various prominent cities of the South. They are operating very extensively in various parts of the Provinces. In Toronto, Canada, (as we are informed,) an Association terminated last season, having completed its objects in less than eight years.

I am informed by the letter of a friend in Chicago, that in 1849 an Association was organized in that city, which is doing a very profitable and safe business. In February 1851, the Legislature gave them a perpetual charter, since that time they issued 300 additional shares; it is now determined from past experience that the first issue of Stock will arrive to its ultimate, or par value in two years more, having accomplished its object in six years. We have many other accounts from various parts of the Union con-

cerning the operations of these Associations, which will fully substantiate their feasibility and utility. Why then should not every one come up to the work and lend their aid? Assist philanthropy in this good work. Help thy Brother to acquire a homestead and receive another in return; the united energies of many will accomplish much. We have many worthy citizens who are anxious to be relieved from their dependence upon another for the roof that shelters their wife and family. Those who feel the evil of this are morally bound to be free.

OBJECTS OF THE ASSOCIATION.

The primary objects of these Associations, is to enable persons in the humbler ranks of life to become *owners* of real property, instead of continuing mere *renters* of it. We now come to the manner in which this very desirable object is obtained. It is often asked, how a person who is not the owner of real estate, is going to give security? It is done in the following manner:—

Suppose a member should buy a house and lot,—at the time he receives his deed, he will give a mortgage to the Association, at the time the money is paid over to the man he buys of. In case a member should build, the money will be advanced in sums necessary for the prosecution of the building, until its completion; the Association executing an agreement to that effect at its own expense. In such case the member shall produce a written certificate, from the builder engaged in the erection of the building, certified by

the surveyor of the Association, of the sums necessary for such purposes.

No restrictions are placed by the Association upon its members, as regards its locality, style of building, or otherwise ; the only requisition the Association will enforce, is, that the buildings erected shall be sufficient security for the shares upon which the money has been advanced.

Many plans have been devised by man, to enable him to become the owner of a peaceful and quiet home,—but these plans too often fail.

The following facts are offered as illustrations of the advantages offered to those who receive their benefits, from actual working of Boston and New York Associations:—

A member of an Association in New York has purchased a house in that city, at a cost of \$6,000 ; 4,000 of this remains on mortgage. He received from the Association \$2,000. The house brings a rent of \$900 per annum. His expenses are as follows :

Dues at the Association,		\$180 00	per annum.
Interest “ “		120 00	“ “
“ on mortgage,		240 00	“ “
Repairs, taxes, insurance and water,		61 00	“ “
Total,		<u>\$661 00</u>	
Deducted from the rent,		900 00	
Shows a profit of		239 00	per annum.

Another purchased a house on a leased lot, having eighteen years unexpired, at \$70,00 ground rent, with the privilege of two renewals. The Association advanced him \$1,300, which he pays in monthly instalments of \$18,50. The house rents for \$400 per year. The yearly expense

for ground rent, taxes and insurance, is \$97,00; he is thus able out of the \$400 rent, to meet his expenses, pay his dues, and have \$99,00 per year profit; and at the end of the society he will own his house, free from all incumbrances, and make \$651,00; at the close of the society, all parties will be released from further payments, thus converting rent into capital.

A member has borrowed of the Howard Association, and bought a house and lot in ———, for which he is paying the Association \$6,88 per month, including dues and interest, being 88 cents more than his former rent; therefore cost of house is what he pays in excess of his former rent, (88 cents per month,—\$10,56 per annum,—total cost of house in seven years, seventy-three dollars ninety-two cents.)

Also another member living in ———, has been occupying a house several years, for which he paid \$12 per month rent: he has borrowed of the Association, and bought the house and land, and his monthly payments are now \$10,97, including dues and interest, (\$1,03 less than his former rent.) In seven years he will have paid for his house, and saved \$86,52, rent. The Howard Association has been in operation seven months. Stock is now worth \$68 per share; so much towards the ultimate value, \$800. Should the above be the average rate of profits, this Association will terminate in six years, and fourteen days from its commencement.

In giving the *modus operandi* of these Associations, I shall refer to the practical operations of the Howard Association, organized May 1st, 1853, in the city of Boston, with

which we are intimately connected. The par value of Stock in this Association is fixed at \$800; on becoming a member, it is required that an admission fee of two dollars should be paid, after which, a monthly instalment of three dollars on each share, which is to be paid previous to the monthly meetings, holden on the first Tuesday of each month, being the only time when applications for loans are received. Persons wishing for an advance, (or loan,) are expected to attend these meetings. We take for a basis, seven years, the time when the Association will probably terminate. At these meetings, it is required of the members to bid the amount of discount he will make on the *nominal* value, (\$800,) of his stock; taking the balance in cash, when the Board of Directors are satisfied as to the adequacy of the value of the property offered by him as security for the loan; (the Attorney of the Association having prepared the papers to be given,) the member offering the highest bid is entitled to the loan. He is required to submit in writing to the Board of Directors, a description of the Property he proposes to offer as security for his monthly payments; after which, the Surveyor of the Association, (who should be a competent and practical man,) is directed to personally examine the property offered, and report to the Board of Directors accordingly, taking the basis seven years; the member bidding makes calculation on the total amount of his payments in that time at three dollars per month, which equals \$252. Therefore, he will bid unhesitatingly, five hundred and forty-eight, or five hundred and fifty dollars, discount, receiving the balance of \$252 or \$250, as the case may be, the amount of seven years instalments. If

bidding should go still higher than this amount, the amount received would be less therefore; the Association must terminate (proportionably) sooner, it matters but little how high the bids go, if at all times they continue in that ratio, as the bidding is a matter of figures, or fictitious amount to balance the nominal or par value of the stock \$800; the discounts bid, and the balance received in cash, will balance the par value of stock, as it may be fixed at the onset.

When a member has borrowed of the Association, he cancels all claims upon the Society for any future profits upon the shares on which he has borrowed, they have been redeemed by the Association; but he retains the same voice in the management of the affairs of the Association.

It is sometimes asked why we fix the value at so large an amount, when it is not expected to receive that amount? Simply because it is considered the most simple way to determine who shall receive the money in the Treasury, by putting it up at competition among its members, at the same time not exacting a real bonus.* It is not expected that the bids will continue as high to the end, as at the commencement of the Association; for every member should receive a fair compensation for the use of his money, while it has been in the hands of the Association; therefore, it must be expected the bids will fall off in proportion to the interest on the monthly dues, to the time of redemption.†

* He will not pay a bonus, inasmuch as it is not expected he will pay into the Association in the form of dues more than the principal borrowed, and with interest at 6 per cent.

† Shares are considered redeemed, when money is advanced on them by the Association.

Members holding on to their shares will receive nearer the par value of their stock, as the Association progresses, until the last share is redeemed by the payment of eight hundred dollars, at which time the Association will terminate; and all who have given a mortgage to the Society will receive a discharge of the same. Thus it is seen that the Association is terminated by redeeming the shares from time to time, by making advances on loans thereon, until all the shares are canceled. There is no division of funds at the termination of the Association, except as prescribed in the following article.

ARTICLE XXXI.—TERMINATION OF THE ASSOCIATION.

Whenever it shall appear by the books of the Association that there is sufficient money on hand and due the Association to pay on each unpurchased share to the holder thereof, the sum of eight hundred dollars over and above all debts and liabilities of the Association, all arrears of monthly dues, fines, and otherwise, shall become payable at once. The Board of Directors shall then pay, satisfy, and discharge, first, all debts and liabilities of the Association, and then pay over to the owner of each unpurchased share, an equal dividend of all sums on hand, and which shall afterwards be received until the whole shall be divided; and from the time of the commencement of the payment of such dividends, no further monthly dues or premiums shall be payable, except that all arrears shall be fully paid up, and the Trustees shall deliver to each mortgagor, who has complied with the conditions of his mortgage, a discharge and satisfaction piece thereof, and all papers connected therewith. After the performance of the foregoing duties,

this Association shall cease to exist, and it shall not be sooner dissolved, nor shall this Article be altered, amended, or repealed, without the unanimous consent of all the voting shares belonging to this Association.

I have before stated, that the duration of the Association depended in part upon the bids at the monthly meetings; therefore, it can be no real disadvantage to the member bidding, if he should bid a high rate of discount, as the Association would terminate much sooner, (having less money to earn in order to pay off its members;) therefore, his payments would close in a less period; 'tis true his payments would be larger as he borrows on shares, with a monthly payment of three dollars on each, the higher the bids go, a larger number of shares will be required to raise a given amount of money. But when it is considered, (as has been fully shown,) that whatever rate of premium may be paid, it is scarcely possible that the borrower will exceed or even equal the legal rate of interest in an ordinary loan, there can be no just cause for complaint; if he become responsible for an amount that he cannot regularly meet, it is not the fault of the principle upon which the Association operates, but the abuse of that principle. In this, as in all other matters, a man must exercise proper judgment and foresight.

These Associations contain two distinct classes of members,—the lenders and borrowers. The one class deposit their monthly dues, as they would their earnings in a savings bank, for the profits; and from the funds created by the deposits of all the members, the other or second

class, borrow sufficient sums to buy or build houses, &c., which is paid by monthly dues and interest; and from the peculiar and successful operations of the society, both classes are benefited.

The members redeeming shares pays the interest on the amount he receives monthly. He is constantly decreasing the amount of his principal, by the payment of his dues, the interest added to the dues of all the members is compounded every month.

Now if you will think but for a moment, the realization of the enormous profits accruing to the Association, must be apparent to every candid and thinking mind; in this the lender is not the only gainer, for greater the profits, larger the discount, and the more rapid must be the termination of the society.

A few questions of considerable importance will naturally arise in the minds of individuals about joining an Association; the first one generally is, can the Association fall through? We do not see how it can. As to the safety of the investments, the funds of the Association are loaned on approved Real Estate, under the immediate direction of the Board of Directors, and with the safeguards of a full examination, on the part of the Surveyor, as to the adequacy of the land and building, and a means of security; and on the part of the Attorney of the Association, as to the validity of the title, and its freedom from incumbrances; thus adopting and pursuing the same plan of operation, which has been adopted and pursued by the most approved and successful Savings Bank in our city.

FOURTH AMERICAN BUILDING ASSOCIATION.

The Finance Committee having examined the Books, Vouchers, &c., in charge of the Secretary, respectfully submit the following

SEMI-ANNUAL REPORT.

Statement of Accounts for the First Six Months, to Nov. 10th, 1851.

Number of Shares originally subscribed,	1,065
“ “ forfeited,	49
“ “ now in force,	1,016
Number of Shares redeemed and paid,	92
“ “ in advance of receipts,	29
Total number of Shares redeemed,	121
“ “ “ unredeemed,	895

DR.

To Entrance Fees received,	\$1,064 00
“ Dues, “	14,730 00
“ Interest, “	205 00
“ Transfer Fees, “	84 00
“ Fines, “	94 37
	\$16,177 37

CR.

By Expenses,	\$435 00
Less Books sold,	89 25
“ 92 Shares redeemed,	15,819 00
“ Cash in Bank,	11 00
“ Cash in the hands of Sec'y	1 62
	\$16,177 37

Profit and Loss Account.

By Expenses,	\$345 75
“ Balance being nett gain,	40,617 37
Which divided among 1,016 shares is	\$39 97
Add dues paid 6 months,	15 00
Pres't val. of each sh.	\$54 97
	\$40,963 12

By Entrance Fees,	\$1,064 00
“ Entrance Fees in arrears,	80 00
“ Interest,	205 00
“ Transfer Fees,	94 37
“ Fines,	94 37
“ Interest and fines in arrears,	54 75
“ 92 Shares redeemed,	39,381 00
	\$40,963 12

Should the above be the average rate of profits, this Association will terminate in five years, five months and fourteen days from the commencement, when each Share will have attained its ultimate value of six hundred dollars.

S. J., Secretary.

In this report of six months' working, we find that the dues paid on each share has been fifteen dollars, with an entrance fee of fifty cents; and the committee claim that this amount has accumulated in value in the short space of six months, to fifty-four dollars and ninety-seven cents, while the amount of cash received has been but sixteen thousand one hundred and seventy-seven dollars, and twenty-seven cents, with two hundred and forty-five dollars and seventy-five cents expenses; leaving a balance of fifteen thousand eight hundred and twenty-one dollars and sixty-two cents. Now as this sum divided among one thousand and sixteen shares, will be but a few dimes more than fifteen dollars and fifty-eight cents each, let us examine this a little, and see if these men have been endeavoring to hoodwink the community, and thus causing all to believe that round can be more than round.

It will be seen they have sold ninety-two shares for fifteen thousand eight hundred and nineteen dollars, while the ultimate value will be fifty-five thousand two hundred. By this sale, the Association gains a profit of thirty-nine thousand two hundred and eighty-one dollars. This, with the other profits, such as interest, entrances, transfer fees, fines, &c., gives them a nett gain of forty thousand six hundred and seventeen dollars and twenty-seven cents, which is divided among all the shares (one thousand and sixteen,) claiming a profit of thirty-nine dollars and ninety-seven cents, on each, and likewise adds fifteen dollars for dues paid; total, fifty-four dollars and ninety-seven cents. But a moment's reflection will show this to be an error, as the ninety-two redeemed shares have no further claims on

the Association, (they having satisfied themselves by so redeeming,) yet they continue paying their dues and interest, until the termination of the Association; so we see that instead of claiming too much, they have not claimed enough profits, as this forty thousand six hundred and seventeen dollars and twenty-seven cents has only to be divided among nine hundred and twenty-four shares, which would give but a trifle less than forty-four dollars on each share; add dues paid, fifteen dollars, which is in mortgages, and we have fifty-nine dollars as the value of each share after six months' operation. An objection is often raised that this profit is only an imaginary one, forasmuch as they have only fourteen thousand eight hundred and nineteen on mortgages, and after deducting expenses, a mere nominal sum of cash on hand, which, if divided by the nine hundred and twenty-four unredeemed shares, would amount to a trifle more than the dues paid in; this may appear very plausible to those who are not conversant with the workings of the Association: but we must confess that we can see no truth in this kind of reasoning. Let us go still farther, and examine the ground on which we stand or fall. Here are one thousand and sixteen which have agreed to raise, first, by monthly dues, second, by interest on the same, the sum of nine hundred and nine thousand six hundred dollars, to be equally divided as soon as accumulated; during the first six months, ninety-two of them agree to take one hundred and sixty-seven dollars per share, instead of waiting until the termination, for six hundred dollars. Now, has not this Association actually made four hundred and thirty-three dollars on each of these shares so redeemed?

Well, really, says one, that is a point which I have not seen, and I must admit it, for certainly they have got to raise fifty-five thousand two hundred dollars less than at the commencement; and I can see no reason why they have not a perfect right to consider this as so much profit, and add the same to the value of the shares; for, most certainly, if I should buy a parcel of merchandise to-day for one thousand five hundred dollars, and tomorrow sell the same for two thousand dollars, and take one thousand dollars cash down, and a note for one thousand dollars on thirty days, (and this note is so good I would not part with it at three per cent. discount,) would you attempt to make me believe that I have made no profit on the sale of these goods, or rather lost on them, and insist that I shall not make an entry of this note on my books, simply because it is not ready cash? Why, sir, I should most certainly think you was insane, or remarkably verdant. But, sir, I do not object to your reckoning your note, (that is, your mortgages,) in the list of your profits. Of course you do not; but, sir, I am told that each and every Association that redeems shares, hold what is equal to notes, (bonds,) besides the mortgages on the property. The constitution adopted by the members, makes it obligatory on every redeemer to pay his dues and interest monthly; and this obligation, given of his own free will, and endorsed by himself, is always cheerfully and promptly met on or before the day it falls due. I must admit you are right, sir; but supposing this Association should wind up its affairs at this period, after paying the expenses of so doing, how much would each share then gain? This is truly a sublime idea,

or at least but one step from it. Here is one thousand and sixteen shares, who have started with the avowed purpose of either paying in cash six hundred dollars each, or satisfying the claim thereto; and soon as they have spread their sails, and are well underway, you politely ask them to heave to, furl their sails again, drop anchor, and give a full log of their voyage, that is to be.

HOWARD MUTUAL LOAN FUND ASSOCIATION.

*Statement of Accounts for the first seven months, ending
Nov. 30th, 1853.*

DR.		Cash Account.		CR.	
To Entrance Fees,	\$1,494 59	By Expenses,		\$763 31	
“ Dues,	16,057 25	“ 75 Redeemed,		17,186 12	
“ Interest,	271 83				
“ Transfer Fee,	72 50				
“ Fines,	53 26				
	<u>\$17,949 43</u>			<u>\$17,949 43</u>	
		Profit and Loss Accounts.			
To Expenses,	\$763 31	By Entrance Fees,	\$1,894 59		
“ Bal’ce being nett gain,	58,988 37	“ Dues,	16,057 25		
Which divided into 727 Shares.		“ Interest,	271 83		
Present value of Shares, \$81 $\frac{137}{527}$		“ Transfer Fees,	72 50		
		“ Fines,	53 26		
		“ Discount on 75 Shares red’ed,	41,802 25		
	<u>\$59,751 68</u>			<u>\$59,751 68</u>	

Should the above be the average rate of profit, this Association will terminate in six years and fourteen days, from the commencement, when each share will have attained its ultimate value of \$800.

A. CUMMINGS, Jr., Secretary.

FIRST ANNUAL REPORT

OF THE
SUFFOLK MUTUAL LOAN ASSOCIATION.

CASH ACCOUNT.

RECEIPTS.		DISBURSEMENTS.	
Entrance Fees rec'd,	\$1,304 00	Expenses,	\$1,028 89
Dues, "	21,696 00	Int'st on Adv. Dues,	39 47
Interest, "	541 58	3 Shares withdrawn,	18 00
Transfer Fees, "	64 00	78 Shares redeemed,	22,454 25
Fines, "	110 21	Cash on hand,	175 18
	\$23,715 79		\$23,715 79

Profit and Loss.

Expenses,	\$1,028 89	Entrance Fees rec'd,	\$1,304 00
Balance being nett		Interest, "	541 58
gain,	40,936 65	Transfer Fees, "	64 00
Which div. by 635½		Fines, "	110 21
Shares, is \$64 41		Prem. on 78 Shares	
Add Dues, 36 00		redeemed,	39,945 75
Val. of Stock, 100 41	\$41,965 54		\$41,965 54
		Number of Shares redeemed,	78
		" " unredeemed,	557½

Total number of Shares, 635½

I will submit the working of an Association which has been in operation two years, whose aggregate number of shares is 2,000, at a par value of \$500, at the close of the Association, with an entrance of \$1,00 for the first two months, and gradually rising to \$2,00. Monthly dues are fixed at \$2,00. per month. This Association started with seven hundred shares, and gradually increased until filled up, each new member paying the back dues and fees on the shares he subscribed for at the time he enters. The shares commenced redeeming at \$170, and gradually rising. In this plan, the entrance fees are used up with the monthly dues. The fines and transfer fees are left until the close of the year, to meet the expenses:

FIRST YEAR'S WORKS.

dues on 700 shares,	1,400 00	7th month.	
entrance fee \$1,	700 00	dues,	4,000 00
		interest on,	132 04
whole receipts,	2,100 00		
red'm 12 sha's at \$170,	2,040 00	whole receipts,	4,179 18
		redeem 25 shares at 175,	4,025 00
balance for 2d month,	60 00		
dues on 1,000 shares,	2,000 00	balance,	154 18
entrance fee,	300 00	8th month.	
interest on 2,040,00,	10 20	dues,	4,000 00
		interest on 30,433,	152 17
whole receipts,	2,370 20		
redeem 13 shares at 172,	2,236 00	whole receipts,	4,306 35
		redeem 23 shares at 180,	4,140 00
balance for 3d month,	134 20		
dues on 1,400 shares,	4,400 00	balance,	166 35
entrance fees at 1,50,	600 00	9th month.	
interest on 4,236,	21 18	dues,	4,000 00
		interest on 34,573,	172 87
whole receipts,	5,155 38		
redeem 29 shares at 172,	4,988 00	whole receipts,	4,339 22
		redeem 24 shares at 174,	4,200 00
balance for 4th month,	167 38		
dues on 1,700 shares,	5,200 00	balance,	139 22
entrance fees 200,	600 00	10th month.	
interest on 9,264,	46 32	dues,	4,000 00
		interest on 38,873,	194 37
whole receipts,	6,013 70		
redeem 34 shares at 174,	5,916 00	whole receipts,	4,333 59
		redeem 24 shares at 178,	4,272 00
balance,	97 70		
5th month,		balance,	61 59
dues on 2,000 shares,	6,400 00	11th month.	
entrance fee,	600 00	dues,	4,000 00
interest on 15,180,	75 90	interest on 43,145,	215 73
whole receipts,	7,173 60	whole receipts,	4,277 32
redeem 41 shares at 174,	7,134 00	redeem 23 shares at 180,	4,140 00
balance,	39 60	balance,	137 32
6th month.		12th month.	
dues on 2,000 shares,	4,000 00	dues,	4,000 00
interest on 22,314,	111 57	interest on 47,285,	236 43
whole receipts,	4,141 14	whole receipts,	4,373 75
redeem 23 shares at 178,	4,094 00	redeem 24 shares at 182,	4,368 00
balance,	47 14	balance for 2d year,	5 75

SECOND YEAR'S WORKS.

dues,	4,000 00	whole receipts,	4,459 22
interest,	258 27	redeem 25 shares at 178,	4,450 00
whole receipts,	4,264 02	balance for 8th month,	9 22
redeem 23 shares at 183,	4,209 00	dues,	4,000 00
		interest,	408 53
balance for 2d month,	55 02		
dues,	4,000 00	whole receipts,	4,417 75
interest,	279 31	redeem 24 shares at 182,	4,368 00
whole receipts,	4,334 33	balance for 9th month,	49 75
redeem 24 shares at 178,	4,272 00	dues,	4,000 00
		interest,	431 37
balance for 3d month,	62 33		
dues,	4,000 00	whole receipts,	4,481 12
interest,	300 67	redeem 29 shares at 184,	4,416 00
whole receipts,	4,363 00	balance for 10th month,	65 12
redeem 23 shares at 185,	4,255 00	dues,	4,000 00
		interest,	453 45
balance for 4th month,	108 00		
dues,	4,000 00	whole receipts,	4,518 57
interest,	321 95	redeem 24 shares at 186,	4,464 00
whole receipts,	4,429 95	balance for 11th month,	54 57
redeem 24 shares at 178,	4,272 00	dues,	4,000 00
		interest,	475 71
balance 5th month,	157 95		
dues,	4,000 00	whole receipts,	4,530 28
interest,	343 31	redeem 24 shares at 188,	4,512 00
whole receipts,	4,501 26	balance for 12th month,	18 28
redeem 25 shares at 179,	4,475 00	dues,	4,000 00
		interest,	498 33
balance for 6th month,	26 26	finer,	850 00
dues,	4,000 00	transfer fee,	330 00
interest,	365 68		
		whole receipts,	5,696 61
whole receipts,	4,391 94	expenses for 2 years,	1,550 00
redeem 24 shares at 180,	4,320 00		
		balance,	4,146 61
balance for 7th month,	71 94	redeem 21 shares at 190,	3,990 00
dues,	4,000 00		
interest,	387 28	balance,	156 61
Redeemed 580 Shares,			
Cash on hand,			\$156 61
Interest due,			518 28
Total,			\$674 89

Second Year's Report.

DR.				CR.
To Entrance Fee,	\$2,800 00	By 580 shares redeemed,		
" Dues,	96,266 00		\$103,656 00	
" Interest,	5,634 89	" Expenses,	1,550 00	
" Fines,	850 00	" Cash on hand,	674 89	
" Transfer Fee,	330 00			
	<u>\$105,880 89</u>		<u>\$105,880 89</u>	

Profit and Loss.

DR.				CR.
To Expenses,	\$1,550 00	By Entrance Fee,	\$2,800 00	
" Balance being nett		" Interest,	5,634 89	
gain,	194,404 89	" Fines,	850 00	
Divid'd among 2,000 sh.		" Transfer Fee,	330 00	
97 20		" 580 shares red'd,	186,344 00	
Add dues pd.,	48 00			
	<u>\$195,954 89</u>		<u>\$195,954 89</u>	

Should the above be the average rate of profits, this Association will close in six years, ten months and nineteen days and a half from the commencement, when each share will have attained the ultimate value of \$500.

Perhaps the most beautiful feature of these Associations, is that there is no sacrifice of property.

A member neglecting to pay his dues, would be subject to certain penalties. The Association might be obliged to take possession of the property and rent it, appropriating the proceeds to the liquidation of dues; but at the termination of the society, it would hold no other claims, and all papers would revert back to the legitimate owners. By what rule of justice is the present mortgage law measured? Is it right? Under the present mortgage law, no one is safe; by misfortune or stringency in the money market, he may be obliged to sacrifice his all, perhaps the hard-earned

savings of his life ; but in an Association of this kind, if the bond is forfeited, the property is finally his. Truly a pleasing thought to think, that in case of death, one's family is provided with a homestead. The last hours of the dying man are made doubly sad with the reflection that he has not been able to secure a competency for those he loves most dear ; that now his wife and little ones are left to struggle with adversity, in a cold and friendless world. Will you neglect the means that philanthrôpy has placed within your reach, to secure your family from such an existence as this ? An economy, a trifling economy, exercised now, will yield them a competence, if you are snatched from life's busy scenes, that will render them superior to the vicissitudes that daily beset the path of the weak and faltering ? A retrenchment in almost any of the luxuries now indulged in, will enable you to pay your monthly dues ; and in a few years you will have the means to start bravely in the world, at the same time be laying the foundation for a habit of foresight and prudence. What, then, will prevent such Associations from flourishing ? They have flourished, do flourish, and will flourish.

To the tradesman as well as the mechanic ; to the young man just commencing life, a field is now open, by which you may accumulate a capital for business purposes, at the same time inculcate a habit of economy. The small sum of three dollars invested by itself, will not do much, but united to nine hundred and ninety-nine others, it will furnish the means to carry on a hard struggle with the capitalist.

H I N T S

TO THE

OFFICERS AND MEMBERS OF LOAN ASSOCIATIONS.

1st. The members of every Association should use great care and judgment in selecting their Officers. The Board of Directors should be composed of men of good business qualifications, as the general management of the Society is confided into their hands.

The Secretary should be a good accountant, and book-keeper, and of high moral character. The Attorney should be thoroughly acquainted with the investigation of titles, and with the laws affecting property. The office of Surveyor, is by far the most important in the Association. He is called upon to make all the examinations of the property offered as security, and upon his report the Board of Directors act. It therefore becomes important that the office be filled by a person competent to decide upon the value of land, as well as buildings. It is also very desirable that the Surveyor should make a plan of the premises, and this plan should become part of his report. We would therefore, recommend all Associations, where they can obtain the services of a practical land Surveyor, and Architect, to do so.

The officers and members should be prompt in discharging their respective duties ; all payments due the Association should be paid as soon, or before they become due ; members should be prompt in attending all meetings of the Association.

We have here submitted the Act of the Legislature of New York, incorporating these Associations by a general law, the liberality of which will clearly show that those who constituted that body were convinced of the utility of these Associations in that State.

What has been done, can be done even in Massachusetts.

AN ACT for the incorporation of Building, Mutual Loan and Accumulating Fund Associations. Passed April 10, 1851.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

§ 1. Any number of persons, not less than nine, may associate and form an incorporated company for the purpose of accumulating a fund for the purchase of real estate, the erection of buildings, or the making of other improvements on lands, or to pay off incumbrances thereon, or to aid its members in acquiring real estate, making improvements thereon and removing incumbrances therefrom; and for the further purpose of accumulating a fund to be returned to its members who do not obtain advances as above mentioned, when the funds of such association shall amount to a certain sum per share, to be specified in the articles of association.

§ 2. Such persons shall severally subscribe articles of association, in which shall be set forth the name of the corporation, the time of its regular meetings, and how special meetings may be called, and what shall constitute a quorum to transact business at meetings; the qualifications of members and how constituted;—what officers, trustees and attorney there shall be, and how and when chosen, and their duties, and how removed or suspended from office; the entrance fee of new members and new shares, the monthly or weekly dues per share, the redemption fee on shares on which advances shall be made, and fees to be paid on the transfer of shares; the fines and penalties for non-payment of dues or fees or other violations of the articles of association; the manner of redemption of shares by advances made thereon, the mortgaged security to be taken on such advances, and how the same may be redeemed or changed; the manner of the transfer or withdrawal of shares; the manner of investing funds not required for advances on shares; the qualifications of voters at the meetings, and the mode of voting; the ultimate amount to be paid to the owners of unredeemed shares; the manner of altering or amending the articles of association, and such other provisions as shall be necessary for the convenient and

effective transaction of the business thereof: provided that the same shall not in any respect contravene the constitution or laws of this State.

§ 3. A true copy of such articles signed by the officers of the association, together with a statement showing when the association was organized, and the place of the transaction of its business, and the names of the officers and trustees at the time of the making such statement, which shall be verified by oath or affirmation before any officer authorized to take affidavits, to be used in courts of justice, shall be filed in the office of the clerk of the county in which such association shall transact its business; and thereupon the persons who have subscribed the articles of association as aforesaid, and such other persons as shall become members of such association and their successors, shall be a body corporate by the name specified in such articles of association; and shall possess the powers and privileges, and be subject to the provisions of title third of chapter eighteen of the first part of the revised statutes, so far as those provisions are consistent with the provisions of this act, and they shall, by their corporate name, be capable in law of purchasing, holding and conveying any real and personal estate whatever, which may be necessary to enable said company to carry on their operation named in such certificate.

§ 4. It shall be lawful for the trustees to call in and demand from the stockholders respectively, all such sums of money by them subscribed, at such times, and in such payments or instalments as the articles of association shall prescribe, under the penalty of forfeiting the shares of stock subscribed for, and all previous payments made thereon, if payment shall not be made by the stockholder within sixty days after a personal demand or notice requiring such payment shall have been published for six successive weeks, in the newspaper nearest to the place where the business of the company shall be carried on as aforesaid.

§ 5. All corporations formed under this act shall have power to borrow money for temporary purposes not inconsistent with the objects of their organization; but no loan for such purposes shall have a longer duration than two years; nor shall such indebtedness exceed, at any one time, one-fourth of the aggregate amount of the shares, and parts of shares, and the income thereof, actually paid in and received.

§ 6. Parents and guardians may take and hold shares in such association in behalf, and for the use of their minor children or wards, provided the cost of such shares be defrayed from the personal earnings of such minor children or wards, or by gifts from persons other than their male parents; married women may take and hold shares in such associations, provided the cost of such shares be defrayed from their personal earnings, the personal earnings of their children voluntarily bestowed for this purpose, or from

property bequeathed or given to them by persons other than their husbands.

§ 7. Every such corporation shall terminate, except for the purpose of settling its affairs, whenever all the shares thereof shall be redeemed by advances thereon, or whenever the owners of unredeemed shares shall be paid the ultimate value thereof, as provided in the articles of association, and not sooner; but no dividend of principal or of profits shall be made until such termination, nor until all the debts of the association shall have been paid or otherwise sufficiently provided for. No holder of redeemed shares shall claim to be exempt from making the monthly payments provided in the articles of association, upon the ground that by reason of losses or otherwise the association has continued longer than was originally anticipated, whereby the payments made on such shares may amount to more than the amount originally advanced, with legal interest thereon, nor shall the imposition of fines for non-payment of dues or other fees, or other violation of the articles of association, nor shall the making of any monthly payment required by the articles of association, or of any premiums for loans made to members, be deemed a violation of the provisions of any statute against usury.

§ 8. Any existing association, formed for the purposes mentioned in the first section of this act, may, on the vote of a majority of the voting shares, at any regular meeting after the passage of this act, become entitled to the benefit of this act, on complying with the second and third sections thereof, unless the second section has heretofore been complied with; in which case it shall be necessary to comply with the said third section.

§ 9. No officer, trustee, attorney, agent or servant of any association hereby incorporated, shall use or dispose of any part of the funds of such association, or assign, transfer, cancel, deliver up or acknowledge satisfaction of any bond, mortgage or other written instrument belonging to such association, unless duly authorized, or be guilty of any fraud in the performance of his duties; and every person guilty of a violation of this section shall be liable civilly to the party injured, to the extent of the damage thereby incurred, and shall also be liable to an indictment for a misdemeanor, punishable by fine or imprisonment, or both, in the discretion of the court by which he shall be tried.

§ 10. Each association formed under the provisions of this act shall, at the close of its first year's operations, and annually at the same period in each year thereafter, publish in at least two newspapers published in the place where their business may be located, or if no newspaper shall be published in such place, then in any two newspapers published nearest such place, a concise statement, verified on the oaths of its president and secretary, showing the

actual financial condition of the association, and the amount of its property and liabilities, specifying the same particularly.

§ 11. All the shareholders of any association formed under this act shall be individually liable to the creditors of said association, to an amount equal to the amount of stock held by them respectively, for all debts contracted by such association. The directors or other officers of every association formed under this act shall be personally liable for any fraudulent use, disposition or investment of any moneys or property belonging to such association, or for any loss which shall be incurred by any investments made by such directors or other officers, other than such as are mentioned in and authorized by this act; but no director or other officer of any such association shall be liable as aforesaid except he authorized, sanctioned, approved or made such fraudulent use, disposition, or investment as aforesaid.

§ 12. No person holding stock in any such company, as executor, administrator, guardian or trustee, and no person holding such stock as collateral security, shall be personally subject to any liability as stockholder of such company, but the persons pledging such stock shall be considered as holding the same, and shall be liable as a stockholder accordingly; and the estate and funds in the hands of such executor, administrator, guardian or trustee shall be liable in like manner, and to the same extent, as the testator or intestate, or the ward or person interested in such trust fund would have been if he had been living and competent to act, and held the same stock in his own name.

§ 13. Every such executor, administrator, guardian or trustee, shall represent the share of stock in his hands at all meetings of the company, and may vote accordingly as a stockholder; and every person who shall pledge his stock as aforesaid, may, nevertheless, represent the same at all such meetings, and may vote accordingly as a stockholder.

§ 14. In case it shall happen at any time, that an election of officers shall not be made on the day designated by the by-laws of said company, when it ought to have been made, the company for that reason shall not be dissolved, but it shall be lawful on any other day, to hold an election for trustees, in such manner as shall be provided for by the said by-laws; and all acts of trustees shall be valid and binding as against such company, until their successors shall be elected.

§ 15. The legislature may at any time alter, amend or repeal this act, or may annul or repeal any incorporation formed or created under this act, but such amendment or repeal shall not, nor shall the dissolution of any such company take away, or impair any remedy given against any such corporation, its stockholders or officers, for any liability which shall have been previously incurred.

§ 16. Any company which may be formed under this act, may increase or diminish its capital stock by complying with the provisions of this act, to any amount which may be deemed sufficient and proper for the purposes of the corporation. But before any corporation shall be entitled to diminish the amount of its capital stock, if the amount of its debts and liabilities shall exceed the amount of capital to which it is proposed to be reduced, such amount of debts and liabilities shall be satisfied and reduced so as not to exceed such diminished amount of capital.

§ 17. Whenever any company shall desire to call a meeting of the stockholders for the purpose of increasing or diminishing the amount of its capital stock, it shall be the duty of the trustees to publish a notice signed by at least a majority of them, in a newspaper in the county, if any shall be published therein, at least three successive weeks, and to deposit a written or printed copy thereof in the post office, addressed to each stockholder at his usual place of residence, at least three weeks previous to the day fixed upon for holding such meeting, specifying the object of the meeting, the time and place when and where such meeting shall be held, and the amount to which it shall be proposed to increase or diminish the capital, and a vote of at least two-thirds of all the shares of stock shall be necessary to an increase or diminution of the amount of its capital stock.

§ 18. If at any time and place specified in the notice provided for in the preceding section of this act, stockholders shall appear in person or by proxy, in numbers representing not less than two-thirds of all the shares of stock of the corporation, they shall organize by choosing one of the trustees chairman of the meeting, and also a suitable person for secretary, and proceed to a vote of those present, in person or by proxy; and if on canvassing the votes, it shall appear that a sufficient number of votes has been given in favor of increasing or diminishing the amount of capital, a certificate of the proceeding showing a compliance with the provisions of this act, the amount of capital actually paid in, the whole amount of debts and liabilities of the company, and the amount to which the capital stock shall be increased or diminished, shall be made out, signed and verified by the affidavit of the chairman, and be countersigned by the secretary; and such certificate shall be acknowledged by the chairman, and filed as required by the first section of this act, and when so filed, the capital stock of such corporation shall be increased or diminished to the amount specified in such certificate.

§ 19. The shares held by the members of all associations incorporated under the provisions of this act, shall be exempt from sale on execution for debt, to an extent not exceeding six hundred dollars in such shares, at their par value.

§ 20. No loan made by any such association to any of its members, may exceed in amount the par value of the capital stock for which such members may have subscribed.

§ 21. The copy of any certificate of incorporation, filed in pursuance of this act, certified by the county clerk or his deputy, to be a true copy, and of the whole of such certificate, shall be received in all courts and places, as presumptive legal evidence of the facts therein stated.

§ 22. This act shall take effect immediately.

State of New York, } I have compared the preceding with the
Secretary's Office. } original law on file in this office, and do
 certify that the same is a correct transcript therefrom and of the
 whole of the said original.

CHRISTOPHER MORGAN,
 Secretary of State.

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For the benefit of those who are about forming an Association, we have given a form of Constitution which is applicable to any Association, as they differ only in slight detail: for instance, there are Associations organized in various parts of the city of Boston and vicinity, with different amounts of capital, many with stock the par value of which is \$800 per share, some \$500, in other parts they range from \$200 to \$1,000, the amount of monthly instalments always varying according to the par value of stock, also the number of officers is not assential. At the present time there are twelve Associations in active operation in Boston, and twice that number in the vicinity.

The following Constitution has been adopted by the Chelsea Loan Fund Association.

## OFFICERS.

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PRESIDENT,  
JOHN FENNO

VICE-PRESIDENT,  
J. F. FELLOWS

SECRETARY,  
JOHN F. FENNO.

DIRECTORS,

|                            |                                |
|----------------------------|--------------------------------|
| E. W. LOTHROP, of Chelsea, | DAVID H. BUCK, of Chelsea,     |
| ALBERT BISBEE, “           | CHARLES E. WEBSTER, “          |
| L. J. BAILEY, “            | WM. T. HALL, of North Chelsea, |
| JOHN WILLIAMS, “           | A. CUMMINGS, Jr., of Boston,   |
| JOHN TAYLOR, “             | S. G. WHEELER, Jr., “          |
| JOHN T. HADAWAY, “         | H. W. FARLEY, of East Boston.  |
| JEROD H. KIBBY, “          |                                |

ATTORNEY,  
T. P. CHEEVER.

SURVEYOR,  
GEORGE B. PARROTT.

# ARTICLES OF ASSOCIATION.

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## PREAMBLE.

WE, the undersigned, having associated and formed a Company for the purpose of accumulating a fund for the purchase of real estate, making improvements thereon, removing incumbrances therefrom, for making loans, and for the further purpose of accumulating a fund to be returned to members, who do not obtain advances, when the funds of the Association shall amount to five hundred dollars per share, do severally agree that the following Articles shall govern us and determine our rights, duties, and privileges, as members of such Association.

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## ARTICLE I.

### NAME.

This Association shall be called "THE CHELSEA LOAN FUND ASSOCIATION," and shall hold a meeting monthly on the first Saturday of each and every month, during its continuance, at such places as the Association shall agree upon by vote of its members, twenty-five of whom shall constitute a quorum for the transaction of business. Special meetings may be held at any time, when called by the President, on the application of any twelve members in writing—three days' notice thereof being given in the manner prescribed in Article XXVI.

The meetings for April, May, June, July, August and September, shall be held at 8 o'clock P. M.; and during all other months of the year at 7 o'clock, P. M.

## ARTICLE II.

### MEMBERS.

All persons who shall pay the entrance fee, and hold one or more shares, and sign the articles, shall be members of this Association.



## ARTICLE III.

## OFFICERS.

The officers of this Association shall consist of a President, Vice-President, thirteen Directors, Secretary, Attorney, and Surveyor. The President, Vice-President, and Directors, shall be elected annually, hereafter, on the first Saturday of December, by the members of this Association, by ballot; and no person shall hold any office, after the first election, who has not been a member of the Association for four months previous to his election. The President and Vice-President shall be members of the Board of Directors.

## ARTICLE IV.

## BOARD OF DIRECTORS.

The Board of Directors shall have the general supervision, direction, and management of the affairs of the Association. They shall select some Bank doing business in the Town of Chelsea, or City of Boston, for the deposit of all money received by the Association. They shall also provide a suitable Seal for the Association, the Secretary of which shall have the custody thereof. They shall judge of the sufficiency of the value of all property offered as security to the Association. No money shall be withdrawn from the Bank when deposited, unless by a vote of the Board, and upon a check drawn by the President, endorsed by the Vice-President, to the order of the person to whom it is to be paid, and countersigned by the Secretary; in case of the absence of the President and Vice-President, or Secretary, he shall leave a written instrument in the hands of the Directors, authorizing one of the said officers to sign the checks in place of the person so absent.

At their *first* meeting, the Directors may elect the Secretary, Attorney, and Surveyor, each of whom shall hold their office permanently, unless removed, as hereinafter provided.

They shall elect from their number, before any certificates of shares are issued, three Trustees of this Association, in whom, as such Trustees, shall be vested all property, bonds, mortgages, and other legal instruments belonging to this Association, in such form as the Attorney shall approve of. All legal documents which are required to be recorded shall be forthwith recorded, under the Attorney's direction, in the proper office, after which they, together with all other documents of this Association shall be placed in the custody of the Trustees, in a suitable box, the key of which shall be kept by the President, and the box shall be deposited in the Bank where the money is deposited, and shall not be withdrawn, except by the order of the Association or Board of Directors, to be certified by the presiding officer and Secretary. They shall conduct all legal proceedings which may be necessary, to preserve the rights of the Association under the direction of the

Association or Directors. They shall not assign, transfer, cancel, deliver up, or acknowledge satisfaction of any bond, mortgage, or legal instrument belonging to the Association, unless directed so to do by vote of the Association or Board of Directors, and the form thereof approved by the Attorney. On the removal or resignation of a Trustee he shall execute to his co-Trustees, or to his successor, such assignment of his interest as Trustee as the Attorney shall deem necessary. Any Trustee may be removed or suspended in the same manner as any officer of the Association.

It shall be the duty of the Board of Directors, as soon as practicable after the first regular meeting, and after every other regular meeting during the continuance of the Association, and until the shares are all subscribed for, to ascertain and determine what entrance fee upon each share should be paid at the next regular meeting of the Association, by persons who may then be desirous of becoming members or subscribing for additional shares, in order to place such new members or subscribers for additional shares upon the same footing as to shares subscribed for, as those holding the shares originally subscribed for. And notice of the same shall, without delay, be placed in a conspicuous place in the office of the Secretary.

## ARTICLE V.

### FINANCE COMMITTEE.

Three of the Directors in rotation shall constitute the Finance Committee, and they shall be so arranged by the President that one shall go off from the committee quarterly. They shall audit the accounts of the officers and all bills against the Association, and shall at all times have access to the books belonging to the Association, and report quarterly. All bills, when for expenses authorized by the Association or Board of Directors, which shall be certified by the Finance Committee to be correct, shall be paid without further action.

They may from time to time, pay to the Secretary a sufficient sum of money to meet the current expenses of the Association.

## ARTICLE VI.

### PRESIDENT AND VICE-PRESIDENT.

The President shall preside at all meetings of the Association, and of the Board of Directors. He shall not use the Seal of the Association, or receive, dispose of, or change the place of deposit of any money or other property of the Association; or borrow money, or contract debts in the name of the Association, without being authorized so to do by the Board of Directors. When the President shall be absent, the Vice-President, and in the absence of both, the Chairman of the Board of Directors, shall perform all the duties of the President. In the absence of the

three officers above-named, a President *pro tem.* may be chosen from and by the members at any meeting of the Association.

## ARTICLE VII.

### THE SECRETARY, AND HIS DUTY.

The Secretary shall attend all meetings of the Association, regular or special, with the books and papers of the Association necessary for the transaction of the business of such meetings; and shall also attend, with all proper books and papers, the regular and special meetings of the Board of Directors. He shall keep correct minutes of the proceedings at all such meetings. He shall keep the books of account of the Association, in which shall be entered all accounts between the Association and the members and otherwise; also books for the subscriptions for shares. He shall also keep a proper book for the register of the names, occupation, and residence, or place of business of the members, and also any other book or books which the President may find necessary for the business of the Association. He may employ an assistant, who shall be compensated out of the Secretary's salary, and for whose fidelity and conduct the Secretary shall be responsible. He or his assistant shall attend at the regular place of business of the Association daily, except Sundays and holidays. He shall, under the direction of the President, serve all notices, and under the like direction, conduct the correspondence of the Association. He shall, without delay, deposit in the Bank to be selected by the Board of Directors, to the credit of the Association, all moneys from time to time received by him for the Association, and until the same shall be so deposited, he shall be personally responsible for the safety thereof. He shall, for his services, receive such compensation as shall from time to time be fixed by the Board of Directors, and shall execute a bond, with one or more sufficient sureties, (to be approved by the Board of Directors,) for the faithful discharge of his duties, and further conditioned that he will fully indemnify and save harmless the Association from and against any loss of moneys by him received for the Association, until the same shall be deposited in the Bank selected by the Directors, to the credit of the Association. All books kept by the Secretary shall at all reasonable times be open to the inspection of any member. All communications intended for the Association or Board of Directors shall be addressed to the President, and left with the Secretary. In case of the Secretary's absence at a meeting, the President may appoint a Secretary, *pro tem.*

## ARTICLE VIII.

### SURVEYOR, AND HIS DUTIES.

It shall be the duty of the Surveyor of this Association, to personally examine all property offered as security for advances to



be made by the Association, immediately upon the purchaser furnishing him with the location and description of his property. He shall thereupon, and without delay, report to the Board of Directors, a full and minute description of such premises as he has examined, together with the value thereof, and his opinion thereon, which statement and opinion shall be in writing, and shall be filed with the papers connected with such property. The Board of Directors, if they are satisfied with such statement, and the value of the premises, shall proceed to pass the same, and shall notify the Attorney that they are satisfied with the security offered. He shall receive such compensation, and in such manner, as the Board of Directors may deem proper. The Surveyor may appoint an Assistant Surveyor, to be paid out of the compensation of the Surveyor, for whose acts the Surveyor shall be personally responsible. The compensation of the Surveyor shall be secured, when practicable, in the same manner as is that of the Attorney.

## ARTICLE IX.

### ATTORNEY AND COUNSELLOR, AND HIS DUTIES.

It shall be the duty of the Attorney and Counsellor of the Association, to peruse and examine all title deeds, and make the necessary searches for ascertaining the title to all property offered as security to the Association. He shall prepare all bonds, mortgages, agreements, and all other writings to be taken or given by this Association, in the course of its business. He shall also transact all other law business of this Association whenever necessary, for which he shall receive such compensation as is proper. His charges for fees and disbursements, in making searches, recording and proving papers, and preparing mortgages, and all other written instruments, examining papers, titles, and other matters, shall be borne by the party dealing with the Association in reference to such matters, and in default, shall form a charge against the said party on the books of the Association. In all disputes as to the amount of his charges, the same shall be determined by the Board of Directors.

## ARTICLE X.

### MONTHLY DUES AND FINES FOR NON-PAYMENT.

Every member of this Association shall, during the week next preceding every regular meeting, pay two dollars as monthly dues for each share held by him, and for any neglect in so doing, shall be fined for every non-payment on each share as follows: for the first month, ten cents; second month, twenty-five cents; third month, thirty-seven cents; fourth month, fifty cents; and every succeeding month, one dollar. All shares, on which no payment has been made for six months, shall be forfeited. All payments by a member shall be applied to the oldest charge against him on the books. No payment of monthly dues or fines

shall be received from any member except for the whole amount of such dues and fines due by such member at the time of tendering such payment, except allowed by the Board of Directors. Members paying their dues three months or more in advance, shall be entitled to interest at the rate of 6 per cent., per annum.

## ARTICLE XI.

### ENTRANCE FEE.

Every member of this Association shall pay an entrance fee of one dollar per share, until the conclusion of the second regular meeting of the Association, after which time new members shall pay such increased entrance fee and the monthly dues from the commencement of the Association, as the Board of Directors shall judge to be sufficient to place the new members upon the same footing as the original shares. All shares on which an entrance fee only has been paid shall become forfeited in two months after they shall have been subscribed for. The arrears for new shares shall be paid in full, or in such installments, and under such penalties as the Board of Directors shall determine.

## ARTICLE XII.

### REMOVAL OF OFFICERS.

Any Trustee, Officer, or Attorney of this Association may be removed in the manner hereinafter provided, for misconduct, neglect of duty, or any other sufficient cause. All charges against any Trustee or Officer shall be made in writing, signed by the member making such charge, and shall be filed with the President and Secretary, who shall lay the same before the Board of Directors at their next meeting, and shall give personal notice to the person against whom the charges are preferred. The Board may suspend, if they deem it necessary, such person, while said charge is pending. No Officer shall vote upon any proceeding by the Board, upon any charge against himself, or preside at the Board during the investigation thereof. The Directors may dismiss such charge as showing no ground of complaint. Should the Board of Directors, after the investigation of any charge preferred, recommend the removal of the person against whom such charge is preferred, he may be so removed by a majority of the votes of the members present, which shall be by ballot. The decision of the meeting shall be final. If the Directors, upon the investigation of any such charge, shall find that the same was frivolous, malicious, or without probable cause, such finding shall be entered in the minutes, and they may direct the Secretary to strike from the list of members the name of the member making such charge, and the same shall be done accordingly. All dues paid into the Association by such member upon shares not redeemed, shall be returned to him by the Board of Directors, without interest. His said shares shall be canceled,

and he shall ever after be incapable of becoming a member of the Association. Upon the removal of any Director, Officer, or Attorney, another shall be elected in his place, to fill the vacancy, at the same meeting; such election to be conducted in the same manner as regular elections. Should the member preferring such malicious or frivolous charge be a Director, Officer, or Attorney, instead of striking his name from the list of members, the Board of Directors shall report the facts, with their opinion thereon, to the next regular meeting, and such Director, Officer, or Attorney may be removed by a vote of the meeting, in the same manner as above provided in relation to the removal upon charges preferred. If removed, his name shall be stricken from the list of members, in the same manner above provided.

### ARTICLE XIII.

#### FINES OF OFFICERS.

Should any Officer having the custody of books or papers, which should be present at any meeting of the Association, or the Board of Directors, fail to bring or send the same at the opening of such meeting, he shall be fined one dollar.

### ARTICLE XIV.

#### BIDDING FOR LOANS.

Whenever the funds of the Association shall amount to the sum of five hundred dollars, (one share,) the same shall be put up to competition among the members, by the President, at a regular meeting of the Association, and the member bidding the greatest discount for the same shall be entitled to it, for the purpose of building or purchasing freehold or leasehold premises, or removing incumbrances therefrom, which he shall mortgage to the Association for the payment of his subscriptions, interest, fines, &c. In case a member is desirous of procuring more than one share, he shall have the privilege (after having offered the highest discount on one,) of receiving fourteen more shares, at the same amount of discount out of the next moneys to be received, provided he subscribes and pays the value of such additional shares as have not already been subscribed and paid for. But no member shall purchase more than fifteen shares. The purchaser of any shares shall pay an interest, from the time of purchase, of six per cent. payable monthly, as a redemption fee; and in case the member so purchasing shall fail to comply with the terms of purchase, he shall be charged with the interest for the time the Association may be deprived of the same through his neglect. Members purchasing may subscribe for a fractional part of a share, not less than a quarter. The member so purchasing, shall, within one week after becoming the purchaser of such share or shares, tender to the Secretary, to be



submitted for the approval of the proper officers, a written statement of the location, description, and value of the property which he proposes as security for the money to be advanced by the Association. If the Officers are satisfied with the sufficiency of the value of the security thus offered, the Association shall advance the amount to the member, when the Attorney of the Association shall be satisfied with the title thereto, and upon the execution of proper instruments. In case the member should build, the money shall be advanced in sums necessary for the prosecution of the building until its completion, the Association executing an agreement to that effect at its own expense. In such case, the member shall produce a written certificate from the builder engaged in the erection of the building, certified by the Surveyor of the Association, of the sum necessary for such purpose. But no money shall be advanced for the purpose of building until the first story of the premises shall have been erected, unless the Board of Directors are satisfied that it is safe and proper so to do, and a bond and mortgage, under the direction of the Attorney, shall have been executed and delivered by the member to the Association.

## ARTICLE XV.

### MORTGAGED PREMISES TO BE KEPT INSURED AND FREE FROM TAXES, ETC.

All property mortgaged to this Association shall be kept fully insured against fire in some good office, to be approved of by the Board of Directors, and the policy to be assigned to the Association, except when such assignment shall be impracticable, and the Directors deem the security sufficient without it; the premiums to be paid by the Association and charged to the member mortgaging the same, who shall repay the amount of such premium at the time his next subscription to the Association falls due. He shall also keep the property free and clear from all arrears of ground-rent, taxes, water-rent, and assessments. In case default be made in payment, the Secretary shall pay the same immediately out of the funds of the Association, and charge the same to the member, who shall be fined, at the discretion of the Board of Directors, in any amount not exceeding one dollar for each default, and the mortgaged premises shall be subject to all such charges and fines.

## ARTICLE XVI.

### SUBSTITUTION OF MORTGAGOR.

Whenever any mortgagor to this Association shall sell the mortgaged premises, the purchaser thereof, if not already a member, may become so on being elected and paying an entrance fee of two dollars per share, and assuming all the stipulations, agreements, and conditions of the original mortgagor, by a proper in-

strument drawn by the Attorney of the Association, to be executed at the expense of the purchaser, in which case the original mortgagor shall receive a discharge (at his expense) from all personal liability on account of such mortgage.

## ARTICLE XVII.

### CHANGE OF MORTGAGED PREMISES FOR OTHERS.

In case any mortgagor to this Association shall wish to change the mortgage from the original mortgaged premises, he may do so upon giving security of sufficient value, to be approved by the proper officers, and paying a transfer fee of one dollar per share, and he shall receive a discharge of all papers connected with the original mortgage.

## ARTICLE XVIII.

### REDEMPTION OF MORTGAGED PREMISES.

When any mortgagor to this Association shall desire to redeem his premises from the mortgage upon it, he shall give seven days' notice to the Secretary before the next meeting of the Board of Directors. The Secretary shall lay the matter before them, and they shall decide the amount to be paid by the mortgagor. In case this sum is agreed to by the mortgagor, he shall pay the said amount and receive a discharge and release of the mortgaged premises, and all the papers and documents connected therewith.

## ARTICLE XIX.

### TRANSFER OF SHARES.

Any member being clear on the books of the Association may transfer his or her share or shares to any person who is or shall become a member, as provided in Article Second, and pay a transfer fee of one dollar per share. In such case the transferee shall be entitled to all the privileges of the original holder.

## ARTICLE XX.

### WITHDRAWAL OF SHARES.

In case any member, by reason of sickness, or through misfortune, is unable to continue the payment of his or her subscription to the Association, he or she may give notice to the Secretary of an intention to withdraw from the Association; and in case the Board of Directors are satisfied as to the grounds of withdrawal, the monthly dues paid by the party into the Association shall be returned. Any person wishing to withdraw for the above reasons or otherwise, and who shall have been a member of the Association two years, and be clear of the books, shall receive an interest of four per cent., and any member of more than three years' standing, shall be entitled to an interest of five per cent. on the amount of funds

paid by such member or members into the funds of the Association.

## ARTICLE XXI.

### LOANS.

No money shall at any time be borrowed for the use or in the name of the Association, or any debt contracted except for the ordinary expense of Association, except when specially authorized by a unanimous vote of the members present at any regular meeting.

## ARTICLE XXII.

### APPLICATION OF INSURANCE MONEY.

In case of the loss or damage by fire of any building mortgaged to this Association and insured, the amount of such insurance shall be received by the Directors of the Association, and advanced to the member for the purpose of rebuilding the same, in the same manner as if it were a new loan. And if the amount so received shall exceed the cost of rebuilding the premises in as good a manner as they were originally, then the balance shall be handed over to the member, or be taken by the Association on account of his subscription, &c., at his option.

## ARTICLE XXIII.

### INVESTMENT OF SURPLUS FUNDS.

All funds of the Association beyond what shall be required for advances to members, shall be invested upon bond and mortgage, as shall be recommended and approved by the Board of Directors.

## ARTICLE XXIV.

### GENERAL FUND.

All fines, monthly dues, fees, bonds, premiums and interest, received by the Association shall be considered as assets thereof, and be applied to the general fund; and all moneys received by the Association shall be bankable.

## ARTICLE XXV.

### ANNUAL REPORT OF THE CONDITION OF THE ASSOCIATION.

At the meeting held for the annual election for officers, and before such election takes place, the Finance Committee having, within one month previous thereto, examined all the books, vouchers, papers, and accounts of each and all the officers of this Association, shall make a report of the condition and correctness thereof, together with a full statement of all receipts and payments of the past year, and showing the number of shares pur-



chased and unpurchased, the names of members, and the number of shares held by each, the names of mortgagors, and a brief description of the mortgaged premises, and such further particulars as shall, in their judgment, be important.

## ARTICLE XXVI.

### NOTICES.

Every member of the Association shall cause his name, occupation, and a place where he may desire notices to be addressed to him, to be entered in the book to be kept for that purpose by the Secretary. All notices required to be served upon any member, except such as are intended to be the foundation for forfeitures, shall be given by the Secretary in person, or by depositing the same in the Post Office, properly addressed to such member at the place so designated by him. It shall not be necessary to serve notice of any meeting or proceeding of the Association upon any member whose name is not so registered, with a place designated for the service of papers. The certificate of the Secretary shall be conclusive evidence of such service, and the time when made. In computing the time for the service of all notices upon members, the day upon which such notices are placed in the Post Office shall be excluded, and the day upon which the meeting or proceeding of which the notice is intended to be given shall be held or take place, shall be included. No objection shall be made by any member residing out of the City of Boston, that the time prescribed by these Articles for any notice, is too short to enable him to avail himself of it. The provisions of this Article shall also apply to executors, administrators, and persons acting under any general authority as proxies of members.

## ARTICLE XXVII.

### VOTES.

On all votes taken at any meeting of this Association, each member shall be entitled to one vote, who shall not be in arrears two months; and that in all elections or ballots, the roll of members shall be called, and that the Secretary ascertain whether members voting are in arrears. All candidates for election to office must be nominated one regular meeting previous to election. On all questions, votes, and balloting, the same shall be decided by the votes represented at the meeting, and, unless otherwise herein provided, a majority of the votes present at a meeting shall determine the question, vote, or ballot. Members may vote by written proxy, to be filed, with the Secretary at or before such election. Members who have redeemed shares shall not be entitled to vote on any matter, except the election of officers.

## ARTICLE XXVIII.

## WHEN OFFICES ARE VACANT.

Upon the removal of any of the Officers mentioned in Article III, to a distance of thirty miles from the city, or upon the death, resignation, or removal from office of any Officer, or upon his ceasing to be the holder of a share entitled to vote, his office shall be deemed vacant, and another shall be elected in his stead, at a regular meeting.

## ARTICLE XXIX.

## MEANING OF PRONOUNS.

In all cases in these Rules where the pronoun "he" or "him" is used, it shall be understood to mean a like pronoun in any other gender or number.

## ARTICLE XXX.

## EFFECTS OF ENTRIES MADE BY SECRETARY.

The entries made by the Secretary in the books under his charge in all matters relating to his office, shall be *prima facie* evidence of all the matters so entrusted in all questions, suits, controversies, and disputes between this Association, the Officers, Directors, or members thereof, and any other officer or member. Any member feeling aggrieved by any entry made in respect to him, may appeal to the Association at a regular meeting, and the decision made thereon shall be final and conclusive. Before the adjournment of each meeting, the Secretary shall read the minutes thereof, which shall be corrected and ordered for engrossment. At the next meeting the minutes shall be read from the engrossment, and if no farther corrections are made, shall be final.

## ARTICLE XXXI.

## TERMINATION OF THE ASSOCIATION.

Whenever it shall appear by the books of the Association that there is sufficient money on hand and due the Association to pay on each share which has not been redeemed by the Association, to the holder thereof, the sum of five hundred dollars over and above all debts and liabilities of the Association, all arrears of monthly dues, fines, and otherwise, shall become payable at once. The Board of Directors shall then pay, satisfy, and discharge, first, all debts and liabilities of the Association, and then pay over to the owner of each unredeemed share an equal dividend of all sums on hand, and which shall afterwards be received until the whole shall be divided; and from the time of the commencement of the payment of such dividends, no further monthly dues or premiums shall be payable, except that all

arrears shall be fully paid up, and the Trustees shall deliver to each mortgagor, who has complied with the conditions of his mortgage, a discharge and satisfaction thereof, and all papers connected therewith. After the performance of the foregoing duties, this Association shall cease to exist, and it shall not be sooner dissolved, nor shall this Article be altered, amended, or repealed, without the unanimous consent of all the voting shares belonging to this Association.

## ARTICLE XXXII.

### RULES OF ORDER.

The members of this Association, at any regular meeting, may adopt such Rules of Order for the government of the meetings as shall be necessary, and alter, amend, or suspend the same from time to time; provided that the same shall not conflict with these Articles.

## ARTICLE XXXIII.

### AMENDMENTS, ETC., TO THESE ARTICLES, HOW MADE.

None of these Articles shall be altered, amended, suspended, or repealed, nor shall any additions be made thereto, unless a proposition in writing therefor be offered at any regular meeting, and laid upon the table until the next regular meeting, when, if upon calling the yeas and nays, it shall appear that two-thirds of the votes of the members present are in favor of the proposition, the same shall be adopted and form a part of these Articles. The yeas and nays so taken shall be entered upon the minutes, provided that nothing herein contained shall authorize any amendment to Article XXXI, except as provided in said Article.

## ARTICLE XXXIV.

### SHARES AND PAR VALUE.

The par value of the shares in this Association shall be five hundred dollars per share, and the Association shall not issue more than fifteen hundred shares.



## RULES OF ORDER.

1. Precisely at the time appointed for holding the meeting, the President, shall take the chair and call the meeting to order.

2. The order of business shall be as follows : Calling the roll of officers; reading and approving of minutes of the last meeting; reports of committees; unfinished business; bidding for the purchase of loans; new business; review of the minutes; adjournment.

3. During the continuance of a meeting the members shall be seated, and shall refrain from all loud conversations, or other disturbance of the proceedings.

4. Biddings for purchase shall be conducted in this form by the presiding officer: We will now receive offers for the purchasing of not more than ten shares of stock ; what is the highest amount offered for the purchase of a share? The biddings shall be oral, and may be made by or on behalf of any shareholder. When an offer shall be made, and no other be made within a reasonable time, the presiding officer shall announce the bidder's name. Should two or more claim to be the bidder, and it shall appear that the claimants bid the highest sum, the biddings shall re-open to receive further offers.

5. When the yeas and nays are called, the Secretary shall proceed with the roll, first calling the member's name, and if he be absent, calling the proxy.

6. The usual legislative rules of order shall govern the meetings, unless otherwise herein provided, to be determined by the presiding officer, subject to reversal or appeal.

7. Members violating any of these Rules, may be fined a sum not exceeding one dollar for each offence, in the discretion of the meeting.

8. These Rules may be suspended at any meeting by a two-thirds vote.

9. These Rules may be altered or amended at any regular meeting by a two-thirds vote, upon one month's notice, in writing, being given of such proposed alterations or amendment.



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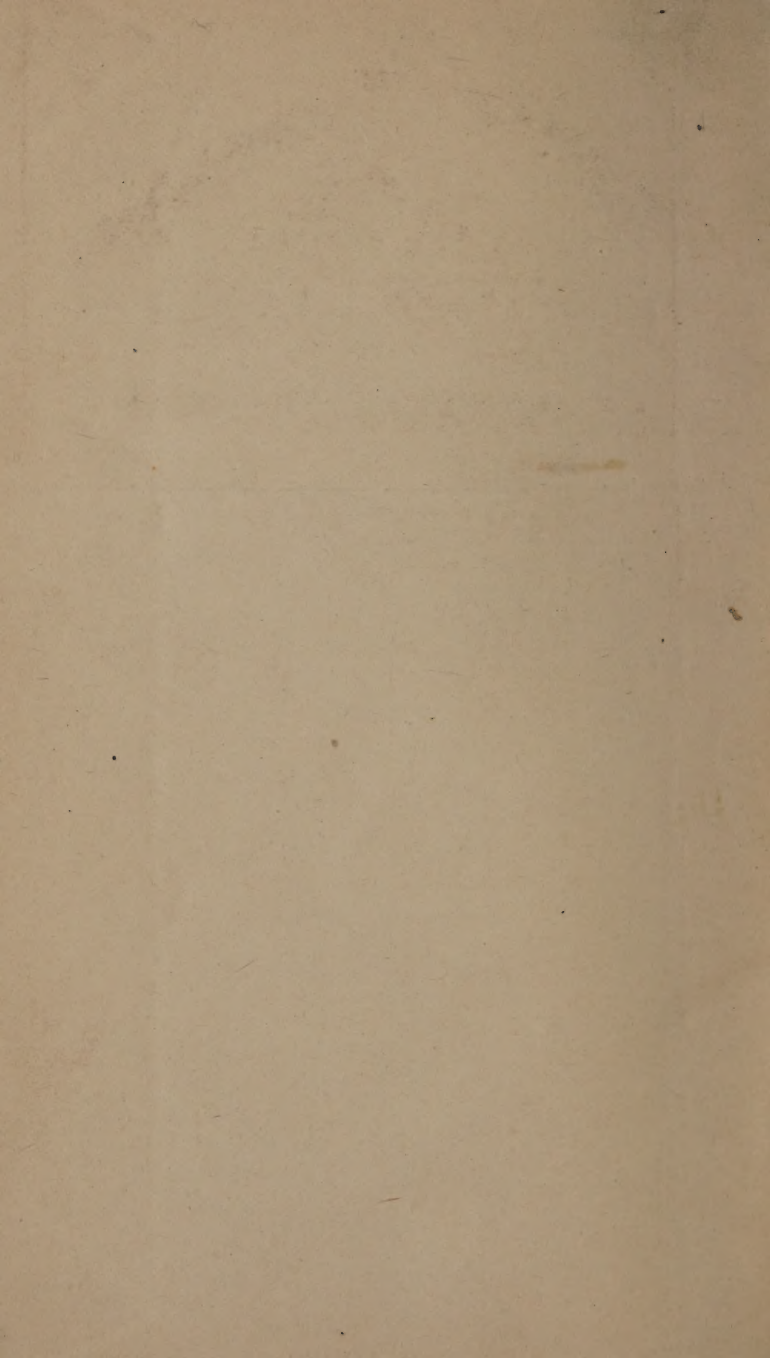
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